

United States Senate

WASHINGTON, DC 20510

July 31, 2008

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We are writing today to urge you to use your emergency authority to immediately release oil from the Strategic Petroleum Reserve. Virtually no other action you could take would have as positive or as immediate an impact at the pump, lowering fuel prices for American consumers and businesses. Unlike other proposals put forward in recent days that would take 8 to 10 years to affect the price of gasoline, an announcement of plans to release oil from the Reserve could cause a decline in oil prices within hours. A similar announcement made by your father, President George H. W. Bush, in 1991 led oil prices to decline within a day of the announcement, even though the actual release of oil did not occur for two weeks.

For the past two months, U.S. gasoline prices have topped \$4.00 per gallon – at least \$1 more than just a year ago. Diesel fuel has been even more expensive, now averaging \$4.60 a gallon. This has had a devastating effect on American families and businesses. Although gasoline prices have risen 165 percent since you have taken office, average gross income has increased only approximately 24 percent. High transportation costs are adding to higher prices in our stores and supermarkets, too.

Fuel prices have risen in direct response to rising crude oil prices. The 40-percent increase in oil prices since the beginning of the year is unprecedented, given that there have been no unusual world supply disruptions. Instead, growing worldwide demand, flat production, and uncontrolled market speculation have put upward pressure on oil prices. This crisis constitutes a severe energy supply interruption. It requires an immediate response, and you hold it in your power to authorize a release from the Strategic Petroleum Reserve that will immediately supplement our crude oil supply and break the cycle of spiraling speculation.

The Government Accountability Office recommended in a hearing before the Senate Committee on Energy and Natural Resources on February 26, 2008, that the Department of Energy hold 10 percent of its Strategic Petroleum Reserve inventory in heavy crude oil. The lack of heavy, sour crude oil in the Reserve inventory poses a problem for refiners that use this kind of oil, refiners upon whom we would rely in the case of an emergency supply disruption. The Department has acknowledged the benefit of holding heavier crude oil in its inventory and stated its intent to acquire heavy crude oil as it expands its inventory capacity.

We ask that you take immediate action to begin to implement this modernization of the Reserve by releasing 70 million barrels of light, sweet crude oil, about 10 percent of the current Reserve inventory.

This would have an immediate effect on oil and gasoline prices, unlike proposals that would open new federal land and offshore areas for drilling, which would not add oil to the market for many years.

At an appropriate time in the future, the Reserve should be replenished with lower-grade, heavy crude oil, in accordance with the GAO's recommendation. Market conditions are favorable for this exchange of light for heavy crude, as the current high price differential between these two crude types would allow the Department to generate considerable revenue.

Given the benefits this step offers for the mission of the Strategic Petroleum Reserve and the relief it would provide to Americans suffering from record high fuel costs, we urge you to direct the Department of Energy to release light, sweet crude oil from the reserve to help Americans at the pump now.

Thank you for your consideration of this matter.

Sincerely,

Don Minkin

Bill Nelson

Ang Klobuchar

Dickie LeBeau

Herb Kohl

Sheldon Berman

Garry Keil

John Kuan

Ken K...

Danine Bernstein

Barbara Boxer

Anna Cabot

Jeff Pomeroy

Mark P. Ryan

Zorn Harkun

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Ben Cardin

Robert P. Casey

Jack Reed

Patty Murray

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Frank Lautenberg

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Ken Salazar

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Eric Bozell

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Robert Menezies

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